

NAMAKWA DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2008

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 40, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 19 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager

31 August 2008

Date

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NAMAKWA DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2008

	Note	2008 R	2007 R
NET ASSETS AND LIABILITIES			
Net Assets		43 439 091	35 002 437
Housing Development Fund	2		
Capital Replacement Reserve		2 993 023	3 202 712
Capitalisation Reserve		-	-
Government Grant Reserve		134 970	-
Accumulated Surplus/(Deficit)		40 311 098	31 799 725
Non-current Liabilities		4 760 194	5 168 130
Long-term Liabilities	3	4 760 194	5 168 130
Non-current Provisions	4	-	-
Current Liabilities		35 822 318	24 916 214
Consumer Deposits	5	-	-
Provisions	6	563 343	545 000
Creditors	7	6 156 338	5 686 617
Unspent Conditional Grants and Receipts	8	28 402 873	18 048 078
Taxes	9	125 127	134 100
Short-term Loans	10	-	-
Bank Overdraft	19	-	-
Current Portion of Long-term Liabilities	3	574 637	502 419
Total Net Assets and Liabilities		84 021 602	65 086 781
ASSETS			
Non-current Assets		8 475 925	8 804 862
Property, Plant and Equipment	11	8 409 345	8 686 368
Intangible Assets	12	-	54 622
Investments	13	1 146	1 146
Long-term Receivables	14	65 434	62 725
Current Assets		75 545 677	56 281 919
Inventory	15	711 695	446 544
Other Receivables - Non-Exchange Transactions	16	7 912 165	8 749 264
Current Portion of Long-term Receivables	14	25 516	196 266
Cash and Cash Equivalents	17	66 896 301	46 889 845
Taxes	8	-	-
Total Assets		84 021 602	65 086 781

**NAMAKWA DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30th JUNE 2008**

	Note	2008 R	2007 R
REVENUE			
Revenue from Non-Exchange Transactions		55 628 557	47 890 664
<i>Taxation Revenue</i>			
Property Rates	19	-	-
Property Rates - Penalties Imposed and Collection Charges		-	-
Regional Services Levies		-	-
<i>Transfer Revenue</i>		55 242 437	47 355 764
Government grants and subsidies	21	55 242 437	47 249 576
Assets Received - PIMS		-	106 189
Public Contributions, Donated and Contributed Property, Plant and Equipment		-	-
<i>Other Revenue</i>		386 120	534 900
Fines		386 120	534 900
Revenue from Exchange Transactions		11 107 389	9 695 003
Service Charges	20	36 968	379 965
Rental of Facilities and Equipment		4 610 111	4 464 955
Interest Earned - External Investments		3 967 430	1 969 346
Interest Earned - Outstanding Debtors		23 853	96 533
Dividends Received		-	-
Licences and Permits		-	-
Income for Agency Services		1 200 000	1 481 592
Other Income	22	1 269 026	1 302 612
Total Revenue		66 735 946	57 585 667
EXPENDITURE			
Employee Related Costs	23	17 260 158	15 959 664
Remuneration of Councillors	24	2 115 104	2 059 456
Bad Debts		300 000	250 000
Collection Costs			
Depreciation		822 837	792 347
Amortisation		54 622	54 622
Repairs and Maintenance		1 585 117	1 556 465
Interest Paid	25	812 200	659 162
Bulk Purchases	26		
Contracted Services		1 200 000	1 592 027
Operating Grants Utilised		19 704 421	20 935 789
Grants and Subsidies Paid	27	968 277	1 370 953
General Expenses	28	13 569 137	13 397 428
Loss on disposal of Property, Plant and Equipment		-	-
Transfer to other Reserves		-	-
Total Expenditure		58 391 874	58 627 915
SURPLUS/(DEFICIT) FOR THE YEAR		8 344 071	(1 042 247)
Gains on disposal of property, plant and equipment		92 583	171 775
Loss on disposal of property, plant and equipment		-	-
SURPLUS/(DEFICIT) FOR THE YEAR		8 436 654	(870 473)
Share of surplus/(deficit) of associate accounted		-	-
NET (DEFICIT) FOR THE YEAR		8 436 654	(870 473)
Refer to Appendix E(1) for explanation of variances			

NAMAKWA DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2008

	<u>Housing Development Fund</u>	<u>Capital Replacement Reserve</u>	<u>Capitalisation Reserve</u>	<u>Government Grant Reserve</u>	<u>Donations and Public Contribution Reserve</u>	<u>Revaluation Reserve</u>	<u>Accumulated Surplus/ (Deficit)</u>	<u>Total</u>
	R	R	R	R	R	R	R	R
2008								
Restated Balance at 1 July 2007		3 202 712	-	-	-	-	31 799 725	35 002 437
Change in accounting policy (Note 31)								-
Restated balance		3 202 712	-	-	-		31 799 725	35 002 437
Surplus/(deficit) for the year							8 436 654	8 436 654
Transfer to CRR								-
Property, plant and equipment purchased		-209 689		135 535			74 154	-
Capital grants used to purchase								-
Asset disposals								-
Contribution to Insurance Reserve								
Insurance claims processed								
Transfer to Housing Development Fund								
Offsetting of depreciation				-565			565	
Balance at 30 June 2008		2 993 023	-	134 970	-		40 311 098	43 439 091
2007								
Balance at 1 July 2006		3 076 374					32 542 471	35 618 845
Prior year adjustments							254 065	254 065
Implementation of GRAP (Note 30)							-	-
Restated balance	-	3 076 374	-	-	-	-	32 796 536	35 872 910
Surplus/(deficit) for the year							-870 473	-870 473
Transfers to Funds / Reserves		135 762					-135 762	-
Property, plant and equipment purchased		-9 424					9 424	-
Transfer to Housing Development Fund								-
Asset disposals								-
Offsetting of depreciation								-
Balance at 30 June 2007	-	3 202 712	-	-	-	-	31 799 725	35 002 437
Prior year adjustments (Note 32)								-
Change in Accounting Policy (Note 31)								-
Restated Balance as at 30 June 2007	-	3 202 712	-	-	-	-	31 799 725	35 002 437

NAMAKWA DISTRICT MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 R	2007 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from rate payers, government and other		73 927 582	
Cash paid to suppliers and employees		56 479 301	
Cash generated from/(utilised in) operations	34	17 448 281	-659 768
Dividends received			
Interest received		3 991 283	1 969 346
Interest paid		-812 200	-659 162
NET CASH FROM OPERATING ACTIVITIES		20 627 364	650 416
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-586 052	-138 308
Proceeds on disposal of property, plant and equipment		132 821	171 775
Increase in investment properties			
(Increase)/decrease in non-current receivables		168 041	6 575 073
Increase in non-current investments			
NET CASH FROM INVESTING ACTIVITIES		-285 190	6 608 540
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/(repaid)		-335 717	-443 322
Increase in consumer deposits			
Decrease/(increase) in short-term loans			
NET CASH FROM FINANCING ACTIVITIES		-335 717	-443 322
NET DECREASE IN CASH AND CASH EQUIVALENTS		20 006 457	6 815 634
Cash and cash equivalents at the beginning of the year		46 889 845	40 074 211
Cash and cash equivalents at the end of the year	35	66 896 301	46 889 845
		20 006 457	6 815 634

1. Summary of significant accounting policies for the year ended 30 June 2008

The principal accounting policies applied in the preparation of these financial statements are set out below and are consistent with those applied in the previous year unless otherwise stated.

1.1 Basis of preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.

The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GAMAP 4	The Effects of Changes in Foreign Exchange Rates
GAMAP 6	Consolidated financial statements and accounting for controlled entities
GAMAP 7	Accounting for Investments in Associates
GAMAP 8	Financial Reporting of Interests in Joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Asset
GAMAP 6, 7 and 8 have been complied with to the extent that the requirements in these standards relate to the municipality's separate financial statements. ¹	

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with certain of the above mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual financial statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 3 (Accounting Policies, Changes of Accounting Estimates and Errors):

- *Identification and impact of GRAP standards that have been issued but are not yet effective and changes to accounting policies. [Paragraphs 14, 19 and 30-31]*

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of AC 142 (Non-current Assets held for Sale and Discontinued Operations):

- *Classification, measurement and disclosure of non-current assets held for sale. [paragraphs 6-14, 15-29 (in so far as it relates to non-current assets held for sale), 38-42]*

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 109 (Construction Contracts) in its entirety.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 140 (Business Combinations) in its entirety.

1.2 Presentation currency

These annual financial statements are presented in South African Rand.

1.3 Going concern assumption

These annual financial statements are prepared on the basis that the municipality will remain a going concern for the foreseeable future.

1.4 Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 115 (Segment Reporting) and AC 146 (Operating Segments).

1.5 Foreign currency transactions

The Municipality will not incur a foreign currency liability other than that allowed by the MFMA.

1.6 Housing Development Fund

The Housing Development Fund was established in terms of Section 15(5) and 16 of the Housing Act, (Act 107 of 1997), which came into operation on 1 April 1998, requires that the municipality maintain a separate housing operating account. Loans from National and Provincial Government used to finance housing developments undertaken by the Municipality were extinguished on 1 April 1998 and transferred to the Housing Development Fund.

The Housing Act also requires in terms of Section 14(4)(d)(ii)(aa) read with, *inter alia*, Section 16(2) that the net proceeds of any rental, sale of property or alienation, financed previously from government housing funds, be paid into a separate operating

account and be utilised by the Municipality for housing development subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the creation and utilisation of the Housing Fund:

- The proceeds in this fund are utilised for housing developments in accordance with the National Housing Policy and also for housing development projects approved by the MEC.
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.
- Any surplus / (deficit) on the Housing Statement of Financial Performance must be transferred to the Housing Development Fund.

1.7 Reserves

1.7.1 Capital Replacement Reserve (CRR)

In order to finance the future provision of infrastructure and other items of property, plant and equipment from internal sources amounts are transferred out of the accumulated surplus/(deficit) into the Capital Replacement Reserve (CRR) in terms of a Council resolution. The cash allocated to the CRR can only be utilised to finance items of property, plant and equipment. The following provisions are set for the creation and utilisation of the CRR:

- The cash which backs up the CRR is invested until it is utilised. The cash may only be invested in accordance with the investment policy of the municipality.
- Interest earned on the CRR investment is recorded as part of total interest earned in the Statement of Financial Performance. The proportionate interest earned on all the CRR investments of the municipality is transferred to the CRR.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and may not be used for the maintenance of these items.
- The proceeds from the disposal of property, plant and equipment must be transferred to the CRR.
- The CRR is reduced and the accumulated surplus/(deficit) credited with corresponding amounts when the funds are utilised.
- The amounts transferred to the CRR are based on the Municipality's need to finance future capital projects.
- The Council determines the annual contribution to the CRR.

1.7.2 Capitalisation Reserve

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus/(deficit) in terms of a directive (budget circular) issued by National Treasury.

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated

funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.7.3 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from Government Grants.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.7.4 Public Contributions and Donations Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Public Contributions and Donations Reserve equal to the Public Contributions and Donations Reserve recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Public Contributions and Donations Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from Public Contributions and Donations.

When an item of property, plant and equipment financed from Public Contributions is disposed, the balance in the Public Contributions and Donations Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.7.5 Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. Land and buildings are revalued every four years. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/(deficit). On disposal the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on

current values, are credited or charged to the Statement of Financial Performance.

1.8 Financial Instruments

Financial instruments carried in the Statement of Financial Position include cash and cash equivalents, investments, accounts receivable, accounts payable and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire or have been transferred and the Municipality has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when it is extinguished, i.e. when the contractual right is discharged, cancelled or expires.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 144 (Financial Instruments: Disclosure). For AC 133 (Financial Instruments: Recognition and Measurement) the initial measurement of financial assets and liabilities at fair value is exempted. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]

1.9 Leases

1.9.1 Lessee Accounting

Amounts held under finance leases are initially recognised as assets of the Municipality at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Municipality's policy on borrowing costs.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Municipality will not incur a foreign currency lease liability other than that allowed by the MFMA.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 105 (Leases) with regards to the recognition of operating lease payments / receipts on a straight line basis if the amount is recognised on the basis of the cash flows in the lease agreement. [SAICA Circular 12/06 paragraphs 8-11 and paragraphs 33, 34, 50, 51 of AC 105]

1.9.2 Lessor Accounting

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return to the Municipality's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.10 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for the intended use or sale, added to the costs of these assets, until such time as the assets are substantially ready for their intended use of sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of financial performance in the period in which they are incurred.

1.11 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Financial Performance over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Municipality has the unconditional right to defer settlement of the liability for at least 12 months after the date of the Statement of Financial Position.

1.12 Provisions

A provision is recognised when the municipality has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The municipality has discounted provisions to their present value when the effect of the time value of money is material. The notional interest charge representing the unwinding of the provision discounting is included in the Statement of Financial Position.

Provisions are reviewed at each Statement of Financial Position date and adjusted to reflect the current best estimate.

1.13 Employee Benefits

(a) Pension obligations

The Municipality operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated bi-annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) *Post Retirement Medical obligations*

The Municipality provides post-retirement healthcare benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation, are charged or credited to the Statement of Financial Performance over the expected average remaining working lives of the related employees. These obligations are valued annually by independent qualified actuaries.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 116 (Employee Benefits) with regards to defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and the defined benefit obligation disclosed by narrative information. (paragraphs 29, 48-119, 120A(c) – (q))

1.14 Trade Payables (Creditors)

Trade payables and other receivables are originally carried at fair value and subsequently remeasured at amortised cost using the effective interest method

1.15 Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the basic salary of the employee.

1.16 Unutilised Conditional Grants

Unutilised conditional grants are reflected on the Statement of Financial Position as a creditor – Unutilised conditional grants. They represent unspent government grants, subsidies and contributions from the public. This creditor always has to be backed by cash. The following provisions are set for the creation and utilisation of this creditor:

- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.
- Whenever an asset is purchased out of the unutilised conditional grant an amount equal to the cost price of the asset purchased is transferred from the Unutilised Conditional Grant into the statement of financial performance as revenue. Thereafter an equal amount is transferred on the Statement of changes in net assets to a Government Grant Reserve. This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the Unutilised Conditional Grants. The Government Grant Reserve is used to offset depreciation charged on assets purchased out of the Unutilised Conditional Grants.

1.17 Value Added Tax

The Council accounts for Value Added Tax on the cash basis.

1.18 Property Plant and Equipment

Land and buildings held for use in the production or supply of goods and services, or for administrative purposes, are stated in the Statement of Financial Position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed every four years when the municipal valuation roll is updated.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a Revaluation Reserve in the Statement of Changes in Net Assets. Decreases that offset previous increases of the same asset are charged against the Revaluation Reserve directly in the Statement of Changes in Net Assets; all other decreases are charged to the Statement of Financial Performance. Each year the difference between depreciation based on the revalued carrying amount of the asset is charged to the Statement of Financial Performance and depreciation based on the asset's original cost is transferred from the Revaluation Reserve to the Accumulated Surplus/ (Deficit).

Depreciation on revalued land and buildings is charged to the Statement of Financial Performance. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the Revaluation Reserve is transferred directly to the accumulated surplus / deficit.

Incomplete construction work is stated at historic cost. Depreciation only commences when the asset is commissioned into use.

All other property, plant and equipment are stated at historical cost less depreciation and any accumulated impairment losses. Historical cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Municipality's accounting policy.

The Municipality has adopted a capitalisation threshold whereby all expenditure below the threshold is expensed when incurred. The threshold is currently R 5 000 per item of PPE.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the municipality and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Financial Performance during the financial period in which they are incurred.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and buildings under construction over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The depreciation rates are based on the following estimated useful lives:

Years

Years

1 Infrastructure		2 Other	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
<u>Community</u>		Specialised plant and	
Improvements	30	Equipment	10-15
Recreational Facilities	20-30	Other plant and	
Security	5	Equipment	2-5
		Landfill sites	15

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised (net) in the Statement of Financial Performance. When revalued assets are sold, the amounts included in the Revaluation Reserve are transferred to the Accumulated Surplus/(Deficit) directly in the Statement of Changes in Net Assets.

Heritage assets, which are defined as culturally significant resources are not depreciated as they are regarded as having an infinite life. Land is also not depreciated for the same reason.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 17 (Property, Plant and Equipment):

- *Review of useful life of item of PPE recognised in the annual financial statements. [Paragraphs 59-61 and 77]*
- *Review of the depreciation method applied to PPE recognised in the annual financial statements. [Paragraphs 62 and 77]*
- *Impairment of non-cash generating assets. [Paragraphs 64-69 and 75(e)(v) – (vi)]*
- *Impairment of cash generating assets. [Paragraphs 63 and 75(e)(v) – (vi)]*

1.19 Investment Property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost. Subsequent to initial recognition investment properties are shown at fair value, based on periodic, but at least every three years, valuations by external independent valuers. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of AC 135 (Investment Property):

- *The entire standard to the extent that property is accounted for in terms of GAMAP 17.*

- *Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised investment property in terms of this standard. [Paragraphs 79(e)(i) – (iii)]*

1.20 Intangible Assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of AC 129 (Intangible Assets):

- *The entire standards except for the recognition, measurement and disclosure of the computer software and website costs (AC 432) and all other costs were expensed.*

1.21 Impairment of Tangible and Intangible Assets

At each Statement of Financial Position date the municipality reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the municipality estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Financial Performance, unless the asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a Revaluation Reserve increase.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 128 (Impairment of Assets) in its entirety.

1.22 Financial Assets

The Municipality classifies its financial assets in the following categories: loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

- ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the date of the Statement of Financial Position. They arise when the Municipality provides money for goods or services directly to a debtor with no intention of trading the receivable and are initially recognized at fair value and subsequently carried at amortised cost using the effective interest method, less provision for impairment.

1.23 Inventories

Inventories consist of consumables and are stated at the lower of cost and net realizable value. Cost is determined using the first-in-first-out (FIFO) cost method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Game is valued at its fair value at reporting date.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values. Consumables are written down with regard to their age, condition and utility.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 12 (Inventories):

- *The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17.*
- *The entire standard to the extent that it relates to water stock that was not purchased by the municipality.*

1.24 Trade and other Receivables

Trade receivables are recognised initially at originating cost and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of

the loss is recognised in the Statement of Financial Performance. When a trade receivable is uncollectible, it is written off in terms of the municipality's Credit Control and Debt Collection Bylaw. Subsequent recoveries of amounts previously written off are credited against to the Statement of Financial Performance.

1.25 Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

1.26 Revenue Recognition

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been done. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly.

Service charges from sewerage and sanitation for residential and business properties are levied monthly based on a fixed tariff.

Interest and rentals are recognised on a time proportion basis.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Interest earned on investments is recognised in the Statement of Financial Performance on a time proportionate basis that takes into account the effective yield on the investment. Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- Interest earned on unutilised conditional grants is allocated directly to the unutilised conditional grant creditor, if the grant conditions indicate that interest is payable to the funder.

Revenue from the sale of goods is recognised when **all** the following conditions have been satisfied:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised

Revenue from non-exchange transactions

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 9 (Revenue):

- *Initial measurement of fair value discounting all future receipts using an imputed rate of interest. [SIACA Circular 09/06 and paragraph 12]*

Conditional Grants and Receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of AC 134 (Accounting for Government Grants):

- *Entire standard excluding paragraphs 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraphs 42 – 46 of GAMAP 9.*

1.27 Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.28 Unauthorised Expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29 Irregular Expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31 Rounding

The amounts reflected in the financial statements of the Municipality are all in Rand, and all amounts are rounded off to the nearest Rand.

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
2. HOUSING DEVELOPMENT FUND		
Housing Development Fund		
Unappropriated Surplus	-	-
The Housing Development Fund is represented by the following assets and liabilities		
Bank and cash	-	-
Sub-total	-	-
Creditors	-	-
Total Housing Development Fund Assets and Liabilities	-	-

3. LONG-TERM LIABILITIES

Annuity Loans		
DBSA Kamiesberg Electrification	2 755 043	2 959 574
Capitalised Leased Liability	52 057	98 043
DBSA Electrification (various towns)	2 527 731	2 612 932
Sub-total	5 334 831	5 670 549
Less : Current portion transferred to current liabilities	-574 637	-502 419
Annuity Loans		
DBSA Kamiesberg Electrification	-422 214	-371 235
Capitalised Leased Liability	-52 057	-45 986
DBSA Electrification (various towns)	-100 366	-85 198
Total External Loans	4 760 194	5 168 130

Refer to Appendix A for more detail on long-term liabilities.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with AC 105 (Leases) with regards to the recognition of operating lease payments / receipts on a straight line basis if the amount is recognised on the basis of the cash flows in the lease agreement. [SAICA Circular 12/06 paragraphs 8-11 and paragraphs 33, 34, 50, 51 of AC 105]]

The future payments on the leases are as follows:

	Within 1 Year	Rest of period.
Interest Payments	9 652	-
Redemption	52 057	-
	61 709	-

4. NON-CURRENT PROVISIONS

Provision for long-service	-	-
Total Non-Current Provisions	-	-

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 116 (Employee Benefits) with regards to defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and the defined benefit obligation disclosed by narrative information. (paragraphs 29, 48-119, 120A(c) – (q))

The movement in the non-current provisions are reconciled as follows: -

Balance at beginning of year	-	-
Contributions to provision	-	-
Expenditure incurred	-	-
Increase in provision due to discounting	-	-
Transfer to current provisions	-	-
Balance at end of year	-	-

5. CONSUMER DEPOSITS

Other deposits	-	-
Total Consumer Deposits	-	-

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

6. PROVISIONS

Annual Bonusses 563 343 545 000
 Current portion of long-service provision (see note 3 above) - -

Total Provisions

2008 R	2007 R
563 343	545 000
-	-
563 343	545 000

The movement in current provisions are reconciled as follows: -

30 June 2008

Balance at beginning of year 545 000 -
 Transfer from non-current - -
 Contributions to provision 18 343 -
 Expenditure incurred - -
Balance at end of year **563 343** **-**

Annual Bonus Long Service Bonus

2008 R	2007 R
398 756	765 267
371 587	495 365
20 949	23 731
-	166 716
4 016 324	2 783 014
-	21 174
5 736 633	1 431 350
6 156 338	5 686 617

7. CREDITORS

Trade creditors 398 756 765 267
 Unallocated Income 371 587 495 365
 Payments received in advance 20 949 23 731
 Suspense Accounts - 166 716
 Other creditors 4 016 324 2 783 014
 Other deposits - 21 174
 Leave gratuity 5 736 633 1 431 350

Total Creditors

8. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

8.1 Conditional Grants from other spheres of Government

Drought Relief 1 163 844 1 692 483
 Finance Management Grant 1 049 965 1 206 562
 Richtersveld Special Fund 38 224 26 811
 Kamiesberg Special Fund 186 494 37 098
 Work for Water 4 932 31 149
 Namaqua Sanitation Bucket System 269 797 666 664
 Brandvlei Electricity Network 12 896 685 786
 MIG 987 878 369 690
 EPWP 135 792 135 792
 PIMS 409 655 1 335 433
 MSIG 2 010 495 1 021 909
 SA Projects 98 654 161 284
 Sanitation Projects (Households) - 67 824
 Sanitation Projects (Farm Sanitation) - 3 526
 Middelpoos 21 240 21 240
 Skietfontein -0 -6 258
 Nieuwoudt Access Road 126 312 126 312
 Sakrivier Bridge 730 347 730 347
 Training Reserve (Seta) 353 845 304 708
 Kamiesberg Elec (External Funding) 59 752 59 752
 Electronic Filing System 15 227 25 601
 Fuel Levy 1 273 754 1 215 138
 Fencing 42 555 42 555
 Land Development Objectives 190 045 190 045
 IDP/LDO 86 368 143 051
 RDP 2 Home Base Care Suppliers Sprin - -
 HIV/AIDS Programme -0 516
 Fire Equipment Grant 325 223 459 914
 Border Fencing 54 239 54 239
 Komaggas Road 4 371 4 371
 Department of Transport 17 833 206 6 005 479
 Maintenance Fund 22 233 22 233
 Swartzkop Sportgrounds (Lotto) 207 475 207 475
 Spoegrivier Sportgrounds (Lotto) 207 528 499 349
 Clinic Sanitation -19 475 -
 Northern Cape Housing 500 000 500 000

Total Conditional Grants and Receipts

28 402 873	18 048 078
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See Appendix F for reconciliation of grants from other spheres of government.
 These amounts are invested in a ring-fenced investment until utilized.

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

8.1 Conditional Grants from other spheres of Government (continued)

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of AC 134 (Accounting for Government Grants)

- *Entire standard excluding paragraphs 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraphs 42 – 46 of GAMAP 9.*

9. Taxes

VAT payable

2008	2007
R	R
125 127	134 100
<u>125 127</u>	<u>134 100</u>
-	-
<u>-</u>	<u>-</u>

VAT Receivable

VAT is payable on the payment basis. Only once payment is received from debtors VAT is paid over to SARS.

10. SHORT-TERM LOANS

Call Bonds

N/A	N/A
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NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
12. INTANGIBLE ASSETS		
Intangible Assets - Cost	382 357	382 357
Less: Accumulated Amortisation	-382 357	-327 735
	<u>-</u>	<u>54 622</u>

Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the notice.

- Intangible Assets (AC 129) The entire standards except for the recognition, measurement and disclosure of the computer software and website costs (AC 432) and all other costs were expensed.

13. INVESTMENTS

Unlisted Stock: Nuweveld Co-op held at fair value through profit and loss	1 146	1 146
	<u>1 146</u>	<u>1 146</u>
Council's valuation of Nuweveld Co-op unlisted stock	1 146	1 146

14. LONG-TERM RECEIVABLES

Loans to controlled Municipal Entities	-	-
Car loans	-	129 748
OCC Housing Loans	90 950	129 243
Council Housing Loans	90 950	258 991
Less : Current portion transferred to current receivables	(25 516)	(196 266)
Car loans	-	(104 320)
OCC Housing Loans	(25 516)	(91 946)
Council Housing Loans	-	-
Total	<u>65 434</u>	<u>62 725</u>

CAR LOANS

Senior staff are entitled to car loans which attract interest at 8% per annum and which are repayable over a maximum period of 6 years. These loans are repayable in the year 2009

15. INVENTORY

Consumable Stores - at cost	711 695	446 544
Total Inventory	<u>711 695</u>	<u>446 544</u>

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 12 (Inventories):

- *The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17.*
- *The entire standard to the extent that it relates to water stock that was not purchased by the municipality.*

16. OTHER RECEIVABLES - NON EXCHANGE TRANSACTIONS

	Gross Balances	Provision for Bad Debts	Net Balance
As at 30 June 2008			
Sundry Debtors	5 795 392	-	5 795 392
Suspence Accounts	741 216	-	741 216
Prepaid Expenses	395 965	-	395 965
Regional Service Levies	1 081 279	-101 686	979 593
Total	<u>8 013 851</u>	<u>-101 686</u>	<u>7 912 165</u>
	Gross Balances	Provision for Bad Debts	Net Balance
As at 30 June 2007			
Sundry Debtors	7 255 731	-	7 255 731
Suspence Accounts	566 178	-	566 178
Regional Service Levies	1 242 355	-315 000	927 355
Total	<u>9 064 264</u>	<u>-315 000</u>	<u>8 749 264</u>

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

16. OTHER RECEIVABLES - NON EXCHANGE TRANSACTIONS (continued)

Regional Services Levies: Ageing

	2008	2007
	R	R
Current (0 – 30 days)	145 662	145 662
31 – 60 Days	69 106	69 106
61 – 90 Days	39 389	39 389
91 – 120 Days	34 890	34 890
121 – 365 Days	865 507	953 308
+ 365 Days		
Total	1 154 554	1 242 355

17. CASH AND CASH EQUIVALENTS

Call Investment Deposits	57 789 678	42 010 103
Primary Bank Account	9 105 868	4 878 987
Petty Cash	755	755
	66 896 301	46 889 845

Call Investment Deposits

Capital Replacement Reserve	3 202 712	2 969 568
Call Deposit ABSA	26 008 914	19 151 667
Leave Reserve	600 368	600 368
Finance Management Grant	1 049 965	1 300 410
Middelpos Account	21 240	22 078
Members Interest Fund	1 804	1 804
Skietfontein Account	-	-
Fuel Levy	1 273 754	1 362 245
Land Development Objectives	190 045	202 499
MSIG	2 010 495	1 146 847
Nieuwoudtville Access Road	126 312	134 590
Richtersveld Special Fund	38 224	34 764
EPWP	135 792	209 313
NDM Equitable Share	-	257 824
DMA Equitable Share	-	929 029
IDP	86 368	149 011
Fencing	42 555	44 507
Kamiesberg Special Fund	186 494	70 044
Border Fencing	54 239	57 756
SA Projects	98 654	177 457
Sanitation Project (Domestic)	-	72 221
Replacement Reserve	22 233	23 856
Sakrivier Bridge	730 347	778 211
Kamiesberg Electrification	59 752	71 992
Komaggas Tar Road	4 371	9 817
Namaqua Sanitation Bucket System	269 797	725 673
Fire Equipment Grant	325 223	459 914
PIMS	478 134	1 417 109
Sanitation Projects (Farm)	-	3 572
Swartzkop Sportgrounds	207 475	-
Spoeprivier Sportgrounds	207 528	-
Department of Transport	17 818 261	6 310 162
Drought Relief	1 163 844	1 820 336
Hiv/Aids Program	-0	7 397
Electronic Filling System	15 227	26 783
Training Fund Seta	353 845	322 184
MIG	987 878	369 690
Work for Water	4 932	40 281
Brandvlei Electricity Network	12 896	729 126
TOTAL AT THE END OF THE YEAR	57 789 678	42 010 103

The Municipality has the following bank accounts: -

Current Account (Primary Bank Account)

ABSA Bank Limited – Springbok Branch
Account Number 2210000014

Cash book balance at beginning of year	4 878 987	5 043 631
Cash book balance at end of year	9 105 868	4 878 987
Bank statement balance at beginning of year	5 536 960	5 536 960
Bank statement balance at end of year	4 892 844	4 892 844

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
18. PROPERTY RATES

Actual

Residential
Commercial
State

Total Assessment Rates

Valuations

Residential
Commercial
State
Municipal

Total Property Valuations

2008 R	2007 R
N/A	N/A
<hr/>	
July 2007 R000's	July 2006 R000's
N/A	N/A
<hr/>	
2008 R	2007 R

19. SERVICE CHARGES

Sale of electricity
Sale of water
Refuse removal
Sewerage and sanitation charges
Other Service Charges

Total Service Charges

36 968	331 662
36 968	331 662

20. GOVERNMENT GRANTS AND SUBSIDIES

Civil Defence Subsidy
Fuel Levy
NDM Equitable share
Equitable Share
RSC Levies Replacement Grant
Contribution Councillors Rem Grant
IDPLDO
HIV/AIDS Programme
Fire Equipment Grant
Komaggas Road
Department of Transport
Maintenance Fund
Kamiesberg Electrification
Electronic Filing System
Drought Relief
Finance Management Grant
Richtersveld Special Fund
Kamiesberg Special Fund
Work for Water
Sanitation Bucket System
Brandvlei Electricity Network
MIG
EPWP
PIMS
MSIG
SA Projects
Sanitation Projects (Households)
Sanitation Projects (Farms)
Skietfontein
Training Reserve (SETA)
Health Inspectors Subsidy
Clinic Sanitation
Spoegrivier Sportgrounds (Lotto)

629 000	884 000
-	665 983
2 234 000	1 884 864
17 994 363	15 741 785
500 000	594 000
56 683	1 119
516	180 575
434 691	411 086
-	3 480
19 758 994	12 509 816
-	11 844
-	11 509
10 374	-
528 639	579 764
656 597	572 830
220 587	311 570
480 605	934 686
7 489 559	4 340 475
396 866	331 662
672 890	450 467
1 297 943	4 645 889
-	92 917
925 778	712 303
11 414	948 690
67 450	85 642
67 824	-
3 526	-
-	159 790
22 332	65 178
135 300	117 000
354 685	-
291 820	652

Total Government Grant and Subsidies

55 242 438	47 249 576
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21. OTHER INCOME

Other income

1 269 026	1 302 612
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Total Other Income

1 269 026	1 302 612
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NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

22. EMPLOYEE RELATED COSTS

	2008	2007
	R	R
ERC - Salaries & Wages	10 569 049	10 573 996
ERC - UIF,pensions,medical & group life	3 805 324	3 080 710
Travel, car, accommodation, subsist. & other allow	1 065 998	956 239
Housing benefits and allowances	568 090	417 750
Overtime payments	190 496	140 532
Performance bonus/Service Bonus	819 111	516 291
Long-service awards	223 885	124 144
Increase in the provision for leave payments	-	150 000
Increase in provision for bonus payments	18 205	-
Subtotal	17 260 158	15 959 664
Less: EC - Unauthorised to PPE		
Total Employee Related Costs	17 260 158	15 959 664

There were no advances to employees. Loans to employees are set out in note 13,

Remuneration of the Municipal Manager

Annual Remuneration	239 341	219 396
Service Bonus	19 945	18 283
Car, Medical, House & Cellphone Allowance	193 521	151 815
Contributions to UIF, Group Life, Bargaining Council and Pension funds	48 190	60 282
Total	500 997	449 776

Remuneration of the Chief Financial Officer

Annual Remuneration	296 429	288 947
Service Bonus	24 702	20 304
Car, Medical, House & Cellphone Allowance	183 323	161 040
Contributions to UIF, Group Life, Bargaining Council and Pension funds	59 378	71 797
Total	563 832	542 088

23. REMUNERATION OF COUNCILLORS

Mayor	358 088	356 995
Speaker	286 015	284 164
Executive Committee		
Councillors	669 547	588 536
Travelling allowances	576 649	566 006
Cell phone allowances	84 094	96 816
Pension contributions	118 816	132 090
Medical Aid contributions	21 896	25 355
Housing	-	6 374
Personal Facilities	-	3 120
Total	2 115 104	2 059 456

The Executive Mayor and Speaker are full-time. Each is provided with an office and secretarial support at the cost of the council.

Certification by the Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

.....
Signed: Municipal Manager

24. INTEREST PAID

Long-term liabilities	802 547	644 146
Capitalised Leased Liability	9 653	15 015
Total Interest on External Borrowings	812 200	659 161

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

25. BULK PURCHASES

Electricity
Water

Total Bulk Purchases

2008	2007
R	R
N/A	N/A

26. GRANTS AND SUBSIDIES PAID

Grant paid to Local Municipalities

Total Grants and Subsidies

968 277 1 370 953

968 277 1 370 953

27. GENERAL EXPENSES

Administration Costs
Advertisements
Annual Report
Brandvlei Electricity Network
Cellphone
Coastal Control System
Delegation and Congress Fees
Department of Transport
Disaster Funds
Drought Relief
Engineering Services
Entertainment and Receptions
Ex-Gratia Pensions
Finance Management Grant
Fire Equipment Grant
Fuel and Oil - Vehicles
HIV Aids Prevention
Household Expenditure
Internal Vehicle Rent
Kamiesberg Special Fund
Legal Fees
Learnerships
Materials / Toking
Mayor's Fund
Membership Fees
MIG Grant
MSIG Grant
Namaqua Sanitation Bucket System
Namakwa Festival
NDM Office Building
Non-Assignable Stock
Okiep Sport Complex
PIMS
Printing and Stationery
Project Development
Registration / Transfer Township Development
Rent - Office Equipment
Rent - Plant and Vehicles
Richtersveld Special Fund
Sanitation: Bucket System
Section 21
Shows / Exhibitions
Spoegrivier Sportsgrounds
Speaker's Fund
Subsidy: Household
Subsistence and Travel
Telephone
Training Fees
Training Reserve (Seta)
Water and Electricity
Water Network
Work for Water
Youth Development
Assessment Rates
Bank Charges
Audit Fees
Insurance
Sundry Expenses
Less Transferred to Government Grants Utilised
Total General Expenses

550 000	500 000
221 188	307 068
-	18 652
672 890	-
61 723	54 201
-	11 607
28 745	19 675
422 170	-
6 412 137	-
528 639	-
100 000	-
53 227	71 755
111 089	-
656 597	500 000
434 691	411 086
2 626 354	2 175 747
37 349	60 000
30 503	26 177
170 419	166 524
480 605	-
234 216	54 033
46 547	-
275 080	-
322 780	339 000
64 639	98 692
1 297 943	-
11 414	111 470
396 866	-
160 000	69 600
135 763	-
219 674	-
84 869	356 000
113 350	-
95 970	136 983
310 354	309 577
150 000	-
99 572	73 180
3 972 927	-
220 587	-
396 866	331 662
-	100 000
72 652	107 638
291 820	-
25 465	24 835
64 500	54 900
1 056 891	752 286
378 880	345 605
10 350	32 591
22 322	-
287 106	236 220
250 000	-
7 489 559	-
-	36 914
129 157	107 991
79 890	70 902
630 000	290 000
157 455	268 251
119 766	4 766 606
-19 704 421	-
13 569 137	13 397 428

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

29. SURPLUS OF ASSOCIATE

Share of retained profit on the equity method

2008
R

2007
R

30. CORRECTION OF ERROR

30.1 "Inventory Assets" not previously recognised

In the past the municipality only recognised property, plant and equipment above the capitalisation threshold of R3,000 in the Fixed Asset Register. In terms of GAMAP 17 this is not allowed and the municipality restated the 1 July 2006 balances in order to correct this error. PIMS assets were also recognised for the first time on this date. Intangible assets were previously recognised under Property, Plant and Equipment and were transferred to Intangible Assets on the same date.

30.1.1 Property, Plant and Equipment at Cost

Balance previously reported	20 353 467
Correction of error - Recognition of "inventory items"	286 375
Correction of error - Recognition of PIMS assets	142 308
Correction of error - Transferred to Intangible Assets	(382 357)
Restated Balance	20 399 792

30.1.2 Property, Plant and Equipment - Accumulated Depreciation

Balance previously reported	11 070 099
Correction of error - Recognition of "inventory items"	213 373
Correction of error - Recognition of PIMS assets	49 046
Correction of error - Transferred to Intangible Assets	(273 012)
Restated Balance	11 059 505

30.1.3 Intangible Assets - Cost

Balance previously reported	-
Correction of error - Transferred from Property, Plant & Equipment - Cost	382 357
Restated Balance	382 357

30.1.3 Intangible Assets - Accumulated Amortisation

Balance previously reported	-
Correction of error - Transferred from Property, Plant & Equipment - Accumulated Depreciation	273 012
Restated Balance	273 012

30.2 Consumer Debtors

Balance previously reported: -	1 154 554
Amounts recieved for RSC levies during 2007/2008 which was should have been recognised as income during 2005/2006.	87 801
Restated Balance	1 242 355

30.3 Accumulated Surplus

Balance previously reported: -	32 542 471
Assets not previously recognised (Note 30.1)	166 264
RSC levy income not recognised (Note 30.2)	87 801
Restated Balance	32 796 536

31. CASH GENERATED BY OPERATIONS

Surplus for the year	8 436 654	-870 473
Adjustment for:-		
Depreciation	822 837	792 347
Amortisation	54 622	54 622
Gain on disposal of property, plant and equipment	-92 583	-171 775
Contribution to provisions – non-current		
Contribution to provisions – current	18 343	545 000
Contribution to bad debt provision		
Dividends received		
Investment income	-3 991 283	-1 969 346
Interest paid	812 200	659 162
Operating surplus before working capital changes:	6 060 791	-960 462
Increase in inventories	-265 150	108 967
(Increase)/decrease in debtors	837 099	788 606
(Decrease)/increase in conditional grants and receipts	10 354 794	-1 971 936
Increase in creditors	469 721	1 373 410
(Decrease)/increase in provisions	-	-
Decrease in VAT	-8 973	1 647
Cash generated by/(unauthor in) operations	17 448 281	-659 768

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

32. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position :

	2008 R	2007 R
Bank balances and cash	4 878 987	4 878 987
Call Investment Deposits	66 896 301	46 889 845
Petty Cash	755	755
Total cash and cash equivalents	71 776 043	51 769 587

33. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term liabilities (see Note 2)	5 334 831	5 670 549
Used to finance property, plant and equipment – at cost	-5 334 831	-5 670 549
Sub- total	-	-
Cash set aside for the repayment of long-term liabilities (see note 17)		
Cash invested for repayment of long-term liabilities	-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

34. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

There were no unauthorised-, fruitless- or wasteful expenditure during the year

35. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

35.1 Contributions to organized local government

Opening balance		
Council subscriptions	64 639	98 692
Amount paid – current year	(64 639)	98 692
Amount paid – previous years		
Balance unpaid (included in creditors)	-	0

35.2 Audit fees

Opening balance	234 715	375 425
Current year audit fee	630 000	290 000
Amount paid – current year	(804 176)	(430 710)
Amount paid – previous years -		
Balance unpaid (included in creditors)	60 539	234 715

35.3 VAT

VAT inputs receivables and VAT outputs receivables are shown in note 8
All VAT returns have been submitted by the due date throughout the year.

35.4 PAYE and UIF

Opening balance		
Current year payroll deductions	1 697 572	1 697 572
Amount paid – current year	1 697 572	1 697 572
Amount paid – previous years		
Balance unpaid (included in creditors)	0	0

35.5 Pension and Medical Aid Deductions

Opening balance		
Current year payroll deductions and Council Contributions	3 674 046	1 349 742
Amount paid – current year	-3 674 046	-1 349 742
Amount paid – previous years		
Balance unpaid (included in creditors)	-	-

35.6 Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at: -

30th June 2008

	<u>Total</u>	<u>Outstanding less than 90 days</u>	<u>Outstanding more than 90 days</u>
	<u>R</u>	<u>R</u>	<u>R</u>
Councillor			
Total Councillor Arrear Consumer Accounts			

30th June 2006

During the year the following Councillors' had arrear accounts outstanding for more than 90 days

30th June 2007

30th June 2006

36. CAPITAL COMMITMENTS

37. RETIREMENT BENEFIT INFORMATION

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
38. FINANCIAL RISK MANAGEMENT

Financial Risk Management

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising Currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign exchange currency risk

The municipality does not engage in foreign currency transactions.

(b) Interest rate Risk

The Municipality is mainly exposed to interest rate risk due to the movements in long-term and short term interest rates. This risk is managed on an ongoing basis.

(c) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as credit exposures to consumer and grant debtors

For banks and financial institutions, only independently rated parties with a minimum rating of 'B+' are accepted. Grants are receivable from higher order levels of government. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. This increases the credit risk in respect of consumer debtors. The risk of non-payment is managed on an ongoing basis and where practical, services are terminated and procedures applied to recover outstanding amounts owing and an appropriate level of impairment provision for default is maintained.

(d) Liquidity Risk

Liquidity risk is the risk that the municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

The financial liabilities of the municipality are backed by appropriate assets and it has adequate liquid resources. The Council monitors the cash projections and by ensuring that borrowing facilities are available to meet its cash requirements.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 144 (Financial Instruments: Disclosure). For AC 133 (Financial Instruments: Recognition and Measurement) the initial measurement of financial assets and liabilities at fair value is exempted. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]

39. CONTINGENT LIABILITY

The Municipality is not aware of any contingent liabilities.

40. CONTINGENT ASSET

The Municipality is not aware of any contingent assets

41. IN-KIND DONATIONS AND ASSISTANCE

The Municipality did not receive any in-kind donations or assistance.

42. EVENTS AFTER THE REPORTING DATE

The Municipality is not aware of any events after the reporting date.

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

10. PROPERTY, PLANT AND EQUIPMENT

30 June 2008

Reconciliation of Carrying Value	Land and Buildings	Infrastructure	Community	Heritage	Other	Housing Develop. Fund	Inventory	Total
	R	R	R	R	R	R	R	R
Carrying values at 1 July 2007								
Cost	5 904 463	9 098 894	1 903 811		3 579 932			20 487 100
Correction of error (note 32)								-
Revaluation								-
Accumulated depreciation								-
- Cost	(5 817 215)	(1 517 385)	(1 903 811)		(2 562 421)			(11 800 832)
- Revaluation								-
	87 248	7 581 509	-	-	1 017 511	-	-	8 686 268
Acquisitions	135 535	166 716			283 801			586 052
Capital under Construction								-
Increases/decreases in revaluation								-
Depreciation								-
- based on Cost	(26 895)	(306 301)			(489 641)			(822 837)
- based on Revaluation								-
Carrying value of disposals	-				(40 239)			(40 239)
Cost/revaluation								-
Accumulated depreciation								-
Impairment losses								-
Other movements								-
Carrying values at 30 June 2008								
Cost	6 039 998	9 265 610	1 903 811		3 685 423			20 894 842
Correction of error (note 32)								-
Revaluation								-
Accumulated depreciation								-
- Cost	(5 844 110)	(1 823 686)	(1 903 811)		(2 913 990)			(12 485 597)
- Revaluation								-
	195 888	7 441 924	-		771 433			8 409 245

Equipment):

- Review of useful life of item of PPE recognised in the annual financial statements. [Paragraphs 59-61 and 77]
- Review of the depreciation method applied to PPE recognised in the annual financial statements. [Paragraphs 62 and 77]
- Impairment of non-cash generating assets. [Paragraphs 64-69 and 75(e)(v) – (vi)]
- Impairment of cash generating assets. [Paragraphs 63 and 75(e)(v) – (vi)]

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

30 June 2007

Reconciliation of Carrying Value	Land and Buildings	Infrastructure	Community	Heritage	Other	Housing Develop. Fund	Inventory	Total
	R	R	R	R	R	R	R	R
Carrying values at 1 July 2006								
Cost	5 924 463	9 098 894	1 934 811		3 012 942			19 971 110
Correction of error (note 32)								-
Inventory not previously recognised					286 375			286 375
PIMS not previously recognised					142 308			142 308
Revaluation								-
Accumulated depreciation								-
- Cost	(5 810 885)	(1 211 083)	(1 934 811)	-	(1 840 288)	-	-	(10 797 067)
Correction of error (note 32)								-
Inventory not previously recognised					(213 373)			(213 373)
PIMS not previously recognised					(49 046)			(49 046)
- Revaluation								-
	113 578	7 887 811	-	-	1 338 918	-	-	9 340 307
Acquisitions					138 308			138 308
Capital under Construction								-
Increases/decreases in revaluation								-
Depreciation								-
- based on Cost	(26 330)	(306 302)			(459 715)			(792 347)
- based on Revaluation								-
Carrying value of disposals	(51 000)							(51 000)
Cost/revaluation								-
Accumulated depreciation								-
Impairment losses								-
Other movements	51 000							51 000
Carrying values at 30 June 2007								
Cost	5 924 463	9 098 894	1 934 811		3 579 933			20 487 100
Correction of error (note 32)								-
Revaluation								-
Leased Capitalised PPE (note 31)								-
Accumulated depreciation								-
- Cost	(5 837 215)	(1 517 385)	(1 934 811)		(2 562 421)			(11 800 831)
- Revaluation								-
	87 248	7 581 509	-		1 017 512			8 686 269

Equipment):

- Review of useful life of item of PPE recognised in the annual financial statements. [Paragraphs 59-61 and 77]
- Review of the depreciation method applied to PPE recognised in the annual financial statements. [Paragraphs 62 and 77]
- Impairment of non-cash generating assets. [Paragraphs 64-69 and 75(e)(v) – (vi)]
- Impairment of cash generating assets. [Paragraphs 63 and 75(e)(v) – (vi)]

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2008. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records.

APPENDIX A
NAMAKWA DISTRICT MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 2007/06/30	Received during the period	Redeemed written off during the period	Balance at 2008/06/30	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
LONG-TERM LOANS			R	R	R	R	R	R
Total long-term loans								
ANNUITY LOANS								
Administation/Finance Loan	100126	2013/06/30	3 126 290		371 247	2 755 043	9 080 863.00	
Infrastructre Loan	several	2018/2019	2 612 932		85 201	2 527 731		
Total Annuity loans			5 739 222	-	456 448	5 282 775	9 080 863.00	
GOVERNMENT LOANS								
Other @ 2-5%								
Total Government Loans								
CAPITALISED LEASE LIABILITY								
Corporate Finance Solutions	NDM006-460818	30/06/2009	98 043		45 986	52 057	41 250	
Total Capitalised Lease Liability			98 043	-	45 986	52 057	41 250	
TOTAL EXTERNAL LOANS			5 837 265	-	502 433	5 334 831	9 122 113.40	

APPENDIX B
NAMAKWA DISTRICT MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	Cost/Revaluation				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance
Land and Buildings									
Land					-				-
Buildings	5 904 463	135 535			6 039 998	5 817 215	26 895		5 844 110
	5 904 463	135 535	-	-	6 039 998	5 817 215	26 895	-	5 844 110
Infrastructure									
Drains									
Roads									
Beach Improvements									
Sewerage Mains & Purif									
Electricity Mains									
Electricity Peak Load Equip									
Water Mains & Purification									
Reservoirs – Water									
Water Meters									
Water Mains									
Security Measures	18 031				18 031	3 907	3 606		7 513
	9 080 863	166 716	-	-	9 247 579	1 513 478	302 695	-	1 816 173
	9 098 894	166 716	-	-	9 265 610	1 517 385	306 301	-	7 431 406
Community Assets									
Parks & Gardens									-
Libraries									-
Recreation Grounds	900 000				900 000	900 000			900 000
Civic Buildings	1 003 811				1 003 811	1 003 811			1 003 811
	1 903 811	-	-	-	1 903 811	1 903 811	-	-	1 903 811
Heritage Assets									
Historical Buildings									-
Painting & Art Galleries									-
	-	-	-	-	-	-	-	-	-
Total carried forward	16 907 168	302 251	-	-	17 209 419	9 238 411	333 196	-	9 571 607
									7 637 812

APPENDIX B
NAMAKWA DISTRICT MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	Cost/Revaluation					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Total brought forward	16 907 168	302 251	-	-	17 209 419	9 238 411	333 196	-	9 571 607	7 637 812
Housing Rental Stock										
Housing Rental 1										
Housing Rental 2										
	-	-	-	-	-	-	-	-	-	-
Leased Assets (Infrastructure)										
Sewerage Mains & Purify										
	-	-	-	-	-	-	-	-	-	-
Other Assets										
Landfill sites										-
Office Equipment	963 930	78 148			1 042 078	529 117	111 202		640 320	401 758
Leased Office Equipment	206 252				206 252	165 002	41 250		206 252	-
Furniture & Fittings	211 942	68 969		51 821	229 090	160 349	55 713	34 772	181 291	47 799
Bins and Containers					-				-	-
Plant and Equipment	1 200 830				1 200 830	973 998	104 110		1 078 108	122 722
Motor vehicles	996 978	136 684		126 489	1 007 174	733 954	177 365	103 299	808 019	199 154
Fire engines										
Refuse tankers										
Computer equipment										
Councillors Regalia										
Conservancy tankers										
Watercraft										
	3 579 932	283 801	-	178 310	3 685 423	2 562 421	489 641	138 071	2 913 990	771 433
Total	20 487 100	586 052	-	178 310	20 894 842	11 800 832	822 837	138 071	12 485 597	8 409 245

APPENDIX C
NAMAKWA DISTRICT MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
AS AT 30 JUNE 2008

	Cost/Revaluation					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Executive Mayor	63 859	13 684			77 543	44 529	9 021		53 549	23 994
Mayor: PA	6 228				6 228	2 076	1 246		3 322	2 906
Speaker	28 660				28 660	25 775	2 884		28 659	0
Speaker Secretary	7 007	219			7 226	1 801	1 446		3 248	3 979
Council: Counsellors	10 692				10 692	9 062	543		9 605	1 086
Council Expenditure : Admin	690 479	52 119			742 599	294 062	175 201		469 263	273 335
Carolusberg Club	900 000				900 000	900 000			900 000	-
Municipal Manager	20 398				20 398	15 389	1 046		16 435	3 964
Deputy Municipal Manager					-				-	-
Municipal Manager Admin	22 988	193			23 181	20 095	2 549		22 644	537
Internal Audit	21 820	1 139			22 959	15 707	3 129		18 836	4 124
Manager Administration					-				-	-
Administration: Admin	64 094	5 441			69 534	61 436	2 996		64 432	5 102
Administration: Human Resources	28 236	32			28 268	20 308	2 293		22 601	5 667
Manager Finance	33 618				33 618	32 009	351		32 360	1 258
Finance: Income	30 765	1 016			31 781	25 561	2 436		27 997	3 784
Finance: Expenditure	27 861	1 931			29 792	26 012	1 888		27 900	1 893
Manager Social Development					-				-	-
Safety	239 063	2 672			241 736	207 292	12 325		219 617	22 118
Manager Economic Development	544				544	385	109		494	50
Development & Marketing Officer					-				-	-
Tourism	24 333	26 169			50 503	22 401	1 973		24 374	26 128
Problem Animal Control	1 855				1 855	1 855			1 855	-
Head: Socio-Economic Development					-				-	-
PIMS	258 578	4 921			263 499	67 072	70 780		137 852	125 647
Manager Infrastructure Development					-				-	-
Chief Works	9 095 290	166 801			9 262 090	1 527 903	303 837		1 831 740	7 430 350
Council Buildings	7 063 584	159 820			7 223 404	6 993 314	19 756		7 013 070	210 334
Council Vehicles	1 777 469	136 684		126 489	1 787 664	1 438 605	204 747	103 299	1 540 053	247 611
Council Workshop	52 207			51 821	386	34 833	77	34 772	139	247
Environmental Health	17 472	13 210			30 682	13 350	2 203		15 553	15 130
IDP					-				-	-
258 577.59					-				-	-
TOTAL	20 487 100	586 052	-	178 310	20 894 842	11 800 832	822 837	138 071	12 485 597	8 409 245

APPENDIX D
NAMAKWA DISTRICT MUNICIPALITY: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
30 JUNE 2008

2007	2007	2007		2008	2008	2008
Actual	Actual	Surplus/		Actual	Actual	Surplus/
Income	Expenditure	(Deficit)		Income	Expenditure	(Deficit)
R	R	R		R	R	R
17 287 896	30 197 397	(12 909 501)	Executive & Council	5 638 484	12 565 623	(6 927 139)
21 077 249	4 495 900	16 581 349	Institutional Development	25 245 413	4 959 925	20 285 488
1 816 172	3 217 669	(1 401 497)	Social Development	1 729 985	3 844 158	(2 114 174)
44 088	2 519 855	(2 475 767)	Economic Development	7 519 984	8 976 484	(1 456 500)
17 541 461	18 206 518	(665 057)	Infrastructure Development	26 659 890	28 010 911	(1 351 021)
<u>57 766 866</u>	<u>58 637 339</u>	<u>(870 473)</u>	Sub Total	<u>66 793 756</u>	<u>58 357 102</u>	<u>8 436 654</u>
			Less Inter-Dep Charges			
<u>57 766 866</u>	<u>58 637 339</u>	<u>(870 473)</u>	Total	<u>66 793 756</u>	<u>58 357 102</u>	<u>8 436 654</u>

APPENDIX E(1)
NAMAKWA DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008

	2008	2008	2008	2008	Explanation of Significant Variances
REVENUE	Actual (R)	Budget (R)	Variance (R)	Variance (%)	greater than 10% versus Budget
Property rates					
Property rates - penalties imposed and collection charges					
Service charges	36 968	159 650	122 682	-77%	Bucket system income reclassified as grants
Regional Services Levies - turnover	-	1 200 000	1 200 000	0%	Implementation of GRAP
Regional Services Levies - remuneration	-	300 000	300 000	0%	Implementation of GRAP
Rental of facilities and equipment	4 610 111	4 357 454	-252 657	6%	
Interest earned - external investments	3 967 430	200 000	-3 767 430	-1884%	Increase in Grants allocated
Interest earned - outstanding debtors	23 853	151 000	127 147	-84%	RSC levies phased out
Dividends received	-	-	-	0	
Fines	386 120	310 000	-76 120	25%	More effective law enforcement
Licences and permits	-	-	-	0	
Income for agency services	1 200 000	1 200 000	-	0%	
Government grants and subsidies	55 242 437	81 906 340	26 663 903	-33%	Budgetted full grant but recognised actual expenses in terms of GRAP
Other income	1 269 026	359 000	-910 026	253%	Implementation of GRAP
Public contributions, donated/contributed	-	-	-	0	
Gains on disposal of property, plant and equipment	92 583		-92 583	100%	Properties sold which was not budgeted for.
Total Revenue	66 828 529	90 143 444	23 314 915	-26%	
EXPENDITURE					
Employee related costs	17 260 158	20 770 310	3 510 152	-17%	Vacant positions not filled
Remuneration of Councillors	2 115 104	2 973 942	858 838	-29%	Change in councillor remuneration packages
Bad debts	300 000	300 000	-	100%	
Collection costs	-	-	-	0%	
Depreciation	822 837	711 270	-111 567	16%	Implementation of GRAP
Amortisation	54 622	-	-54 622	100%	Implementation of GRAP
Repairs and maintenance	1 585 117	27 303 682	25 718 565	-94%	
Interest on external borrowings	812 200	810 000	-2 200	0%	
Bulk purchases			-	0%	
Contracted services	1 200 000	1 679 356	479 356	-29%	Service providers contract discontinued
Operating Grants Utilised	19 704 421		-19 704 421	100%	Implementation of GRAP
Grants and subsidies paid	968 277	1 289 876	321 599	-25%	Grants not utilised by municipalities
General expenses - other	13 569 137	34 993 859	21 424 722	-61%	Implementation of GRAP
Loss on disposal of property, plant and equipment			-	0%	
Provision for Leave			-	0%	
Total Expenditure	58 391 874	90 832 295	32 440 421	-36%	
NET SURPLUS/(DEFICIT) FOR THE YEAR	8 436 654	-688 851			

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APPENDIX E(2)

NAMAKWA DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2008

	<u>2008</u> <u>Actual</u>	<u>2008</u> <u>Under</u> <u>Construction</u>	<u>2008</u> <u>Total</u> <u>Additions</u>	<u>2008</u> <u>Budget</u>	<u>2008</u> <u>Variance</u>	<u>2008</u> <u>Variance</u>	<u>Explanation of Significant Variances</u> <u>greater than 5% versus Budget</u>
	R	R	R	R	R	%	
Land and Buildings	-			240 000	240 000	-100%	Project delayed but completed in 2008/2009
Infrastructure					-	0%	
Community Assets					-	0%	
Heritage Assets					-	0%	
Housing Rental Stock					-	0%	
Leased Assets (Infrastructure)					-	0%	
Other Assets					-	0%	
Landfill sites					-	0%	
Office Equipment					-	0%	
Furniture & Fittings	16 885			295 800	278 915	-94%	Furniture for staff but vacant positions were not filled
Equipment	12 000			36 500	24 500	-67%	Equipment for staff but vacant positions were not filled
Bins and Containers					-	0%	
Emergency Equipment					-	0%	
Motor vehicles	136 684			470 000	333 316	-71%	Purchase delayed but finalised in 2008/2009
Fire engines					-	0%	
Refuse tankers					-	0%	
Computer equipment	44 119			141 000	96 881	-69%	Computer Equipment for staff but vacant positions were not filled
Total	209 689		-	1 183 300	973 611	-82%	

APPENDIX F
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Vote Number	Description	2008 Financial Year					
		Balance	Receipts		Correction	Operating Payments	Capital Payments
		30 June 2007	Capital	Interest			Closing Balance 30 June 2008
9000031180408	Fuel levy	(1 215 138)	(58 615)	-			(1 273 754)
9000031180409	NDM Equitable share	-	(2 234 000)	-		2 234 000	-
9000031180410	DMA Equitable share/RSC replacement	-	(17 994 363)	-		17 994 363	-
	Equitable Share/ Councillors remuneration	-	(500 000)	-		500 000	-
9000031180411	Fencing	(42 555)	-	-		-	(42 555)
9000031180412	Land development objectives	(190 045)	-	-		-	(190 045)
9000031180413	IDP/LDO	(143 051)	-	-		56 683	(86 368)
	RDP 2 Home base care suppliers Springbok	-					-
9000031180415	HIV/AIDS programme	(516)	-	-		516	-
9000031180416	Fire Equipment Grant	(459 914)	(300 000)	-		434 691	(325 223)
9000031180417	Border fencing	(54 239)	-	-		-	(54 239)
9000031180418	Komaggas road	(4 371)	-	-		-	(4 371)
9000031180419	Department of Transport	(6 005 479)	(31 586 721)	-		19 758 994	(17 833 206)
9000031180420	Maintenance fund	(22 233)	-	-		-	(22 233)
9000011060502	Kamiesberg elec (external funding)	(59 752)	-	-		-	(59 752)
9000011061702	Electronic filing system	(25 601)	-	-		10 374	(15 227)
9000031200102	Drought relief	(1 692 483)	-	-		528 639	(1 163 844)
9000031200202	Finance Management Grant	(1 206 562)	(500 000)	-		656 597	(1 049 965)
9000031200402	Richtersveld special fund	(26 811)	(232 000)	-		220 587	(38 224)
9000031200502	Kamiesberg special fund	(37 098)	(630 000)	-		480 605	(186 494)
9000031200602	Work for water	(31 149)	(7 463 343)	-		7 489 559	(4 932)
9000031200702	Namaqua sanitation bucket system	(666 664)	-	-		396 866	(269 797)
9000031200802	Brandvlei electricity network	(685 786)	-	-		672 890	(12 896)
9000031201002	MIG	(369 690)	(1 916 132)	-		1 297 943	(987 878)
9000031201202	EPWP	(135 792)	-	-		-	(135 792)
9000031201402	PIMS	(1 335 433)	-	-		925 778	(409 655)
9000031201602	MSIG (previous years)	(1 021 909)	(1 000 000)	-		11 414	(2 010 495)
9000031201502	MSIG 05/06	-	-	-		-	-
9000031201702	SA Projects	(161 284)	(4 821)	-		67 450	(98 654)
9000031201802	Sanitation projects (households)	(67 824)	-	-		67 824	-
9000031201902	Sanitation projects (farm sanitation)	(3 526)	-	-		3 526	-
9000031202002	Middelpos	(21 240)	-	-		-	(21 240)
9000031202102	Skietfontein	6 258	-	-	(6 258)		-
9000031202202	Nieuwoudtville access road	(126 312)	-	-		-	(126 312)
9000031200102	Sakrivier bridge	(730 347)	-	-		-	(730 347)
9000031230100	Training reserve (SETA)	(304 708)	(71 470)	-		22 332	(353 845)
	Health Inspector Subsidy	(135 300)	-	-		135 300	-
	Civil Defence Subsidy	-	(629 000)	-		629 000	-
	Ckinic Sanitation	-	(335 210)	-		219 150	19 475
9000031180430	SWARTZKOP SPORTGROUNDS(LOTTO)	(207 475)	-	-		-	(207 475)
9000031180431	SPOEGRIVIER SPORTGROUNDS(LOTTO)	(499 349)	-	-		291 820	(207 528)
9000031180436	NC HOUSING	(500 000)	-	-		-	(500 000)
		(18 183 378)	(64 491 464)	-	(6 258)	55 106 903	135 535
							(28 402 873)

Appendix G

FORMAT OF IMPLEMENTATION PLAN FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES – Subsequent plans to be submitted

Name of municipality:	Namakwa District Municipality	Demarcation Code:	DC6
Name of preparer:	Mr Bernard Farmer (Chief Financial Officer)	Date completed:	31 March 2008
Contact Details:	027 7128000	Financial period:	07/08
Capacity category:	Medium Capacity	(delete whichever not applicable)	

Financial reporting standard	Milestones to be achieved to comply with the standard <i>[include the key challenges that have to be overcome]</i>	Amendment to milestone and or achievement of milestone <i>[include whether the milestones have been achieved or not, the reasons for amendments to the milestones and the reasons for non-achievement]</i>	Person responsible	Estimate date of compliance <i>[must begin after exemption period and take the transitional provisions of the standards into account]</i>
Presentation of financial statements (GRAP 1)	<ul style="list-style-type: none"> Preparation of GRAP compliant financial statements. Restatement of incorrect conversion balances as at 30 June 2006. Challenges as listed below. 	<ul style="list-style-type: none"> The municipality is on target to prepare GRAP AFS for the year ended 30 June 2008 The municipality has achieved this milestone 	CFO	<p><i>AFS 30 June 2008</i></p> <p><i>Completed</i></p>
Cash flow statements (GRAP 2)	<ul style="list-style-type: none"> Obtain a thorough understanding of the format of the cash flow statement. No challenges to overcome. 	<ul style="list-style-type: none"> The municipality has achieved this milestone 	CFO	<p><i>Already implemented for AFS 30 June 2007</i></p>
Accounting policies, changes in accounting estimates and errors	<ul style="list-style-type: none"> A draft accounting policy must be prepared in order to budget for 2008/2009 	<ul style="list-style-type: none"> The municipality has achieved this milestone 	CFO	<p><i>Completed</i></p>

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FORMAT OF IMPLEMENTATION PLAN FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES – Subsequent plans to be submitted

Financial reporting standard	Milestones to be achieved to comply with the standard <i>[include the key challenges that have to be overcome]</i>	Amendment to milestone and or achievement of milestone <i>[include whether the milestones have been achieved or not, the reasons for amendments to the milestones and the reasons for non-achievement]</i>	Person responsible	Estimate date of compliance <i>[must begin after exemption period and take the transitional provisions of the standards into account]</i>
(GRAP 3)	<ul style="list-style-type: none"> The municipality will have to investigate what the potential impact of Standards approved but not yet effective may be on the annual financial statements. 	<ul style="list-style-type: none"> The municipality is on track to achieve this milestone 		AFS 30 June 2009
The Effects of Changes in Foreign Exchange Rates (GRAP 4)	<ul style="list-style-type: none"> The municipality is not involved in any foreign currency transactions. 	<ul style="list-style-type: none"> 	CFO	AFS 30 June 2009
Consolidated and Separate Financial Statements (GRAP 6)	<ul style="list-style-type: none"> The municipality has established through a review that it does not have any entities in which it has a controlling interest. 	<ul style="list-style-type: none"> The municipality has achieved this milestone 	CFO	Completed
Investments in Associates (GRAP 7)	<ul style="list-style-type: none"> The municipality has established through a review that it does not have any entities over which it has significant influence. 	<ul style="list-style-type: none"> The municipality has achieved this milestone 	CFO	Completed
Interests in Joint Ventures (GRAP 8)	<ul style="list-style-type: none"> The municipality has established through a review that it does not have any public private partnerships which may constitute a joint 	<ul style="list-style-type: none"> The municipality has achieved this milestone 	CFO	Completed

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FORMAT OF IMPLEMENTATION PLAN FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES – Subsequent plans to be submitted

Financial reporting standard	Milestones to be achieved to comply with the standard <i>[include the key challenges that have to be overcome]</i>	Amendment to milestone and or achievement of milestone <i>[include whether the milestones have been achieved or not, the reasons for amendments to the milestones and the reasons for non-achievement]</i>	Person responsible	Estimate date of compliance <i>[must begin after exemption period and take the transitional provisions of the standards into account]</i>
	venture.			
Revenue from Exchange Transactions (GRAP 9)	<ul style="list-style-type: none"> The municipality will review all revenue sources in order to establish compliance with this Standard. The potential impact of paragraph 12 and SAICA Circular 09/06 will have to be assessed. 	<ul style="list-style-type: none"> The municipality is on track to achieve this milestone 	CFO	30 June 2008 (except paragraph 12 of GAMAP 9 and SAICA Circular 09/06.) Rest of the Standard, 1 July 2009.
Construction Contracts (GRAP 11)	<ul style="list-style-type: none"> The municipality will review the Standard in order to understand what constitutes a construction contract as defined by the Standard. 	<ul style="list-style-type: none"> The municipality is on track to achieve this milestone 	CFO	1 July 2008
Inventories (GRAP 12)	<ul style="list-style-type: none"> No changes required No water function and no erven available for sale. 	<ul style="list-style-type: none"> The municipality is on track to achieve this milestone 	CFO	AFS 30 June 2009
Leases (GRAP 13)	<ul style="list-style-type: none"> The leases were identified and were included in fixed assets for the year ended 30 June 2007 	<ul style="list-style-type: none"> The municipality has achieved this milestone 	CFO	AFS 30 June 2007
Events after the Reporting Date	<ul style="list-style-type: none"> The preparers of the financial statements will 	<ul style="list-style-type: none"> The municipality is on track to achieve this milestone 	CFO	AFS 30 June 2008

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FORMAT OF IMPLEMENTATION PLAN FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES – Subsequent plans to be submitted

Financial reporting standard	Milestones to be achieved to comply with the standard <i>[include the key challenges that have to be overcome]</i>	Amendment to milestone and or achievement of milestone <i>[include whether the milestones have been achieved or not, the reasons for amendments to the milestones and the reasons for non-achievement]</i>	Person responsible	Estimate date of compliance <i>[must begin after exemption period and take the transitional provisions of the standards into account]</i>
(GRAP 14)	have discussions with senior officials and its lawyers in order to determine if any events after reporting date has occurred.			
Investment Property (GRAP 16)	<ul style="list-style-type: none"> Only 5 “Undetermined-use” properties to be included as Investment Properties.. All investment property must be transferred from PPE to investment property. A new accounting policy regarding investment property should be prepared and adopted. The fixed asset register must be amended in order to process investment property transactions. The full impact of the change in accounting policy must be disclosed in the financial statements. 	<ul style="list-style-type: none"> The municipality is on track to achieve this milestone 	CFO	AFS 30 June 2008 (Will be delayed until 30 June 2009)
Property, Plant and	<ul style="list-style-type: none"> The municipality has 	<ul style="list-style-type: none"> The municipality has 	CFO	<i>Completed</i>

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FORMAT OF IMPLEMENTATION PLAN FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES – Subsequent plans to be submitted

Financial reporting standard	Milestones to be achieved to comply with the standard <i>[include the key challenges that have to be overcome]</i>	Amendment to milestone and or achievement of milestone <i>[include whether the milestones have been achieved or not, the reasons for amendments to the milestones and the reasons for non-achievement]</i>	Person responsible	Estimate date of compliance <i>[must begin after exemption period and take the transitional provisions of the standards into account]</i>
Equipment (GRAP 17)	<p>performed a physical verification of its PPE and prepared a fixed asset register.</p> <ul style="list-style-type: none"> The fixed asset register should be reviewed in order to ensure that the funding sources are correct. An accounting policy regarding the PPE should be prepared and approved. The Auditor-General's office will be contacted in order to determine whether an Asset Capitalisation threshold is allowed. Infrastructure assets should be identified and valued by engineers. All land and buildings should be revalued once the new valuation roll is finalized. Review of useful life of item of PPE recognised in the annual financial statements. 	<p>achieved this milestone</p> <ul style="list-style-type: none"> The municipality has achieved the milestone. The municipality has achieved this milestone and all capitalization thresholds were removed from the Fixed Asset Register. The municipality is on track to achieve this milestone. The milestone will be achieved. The municipality will commence with this process before the current year-end. 		<p>AFS 30 June 2008</p> <p>31 December 2007</p> <p>30 June 2008</p> <p>AFS 30 June 2008 (Will be delayed until 30 June 2009)</p> <p>AFS 30 June 2009</p>

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FORMAT OF IMPLEMENTATION PLAN FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES – Subsequent plans to be submitted

Financial reporting standard	Milestones to be achieved to comply with the standard <i>[include the key challenges that have to be overcome]</i>	Amendment to milestone and or achievement of milestone <i>[include whether the milestones have been achieved or not, the reasons for amendments to the milestones and the reasons for non-achievement]</i>	Person responsible	Estimate date of compliance <i>[must begin after exemption period and take the transitional provisions of the standards into account]</i>
	<ul style="list-style-type: none"> Review of the depreciation method applied to PPE recognised in the annual financial statements. Impairment of non-cash generating assets. The municipality requires capacity building in order to understand how impairment tests are performed. Impairment of cash generating assets. The municipality requires capacity building in order to understand how impairment tests are performed. 	<ul style="list-style-type: none"> The depreciation methods will be reviewed before the current year-end. The municipality will commence with a process to identify any assets that may potentially be impaired. The relevant heads of department will be capacitated to be able to identify possible impairments. The municipality will commence with a process to identify any assets that may potentially be impaired. The relevant heads of department will be capacitated to be able to identify possible impairments. 		<p>AFS 30 June 2009</p> <p>AFS 30 June 2009</p> <p>AFS 30 June 2009</p>

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FORMAT OF IMPLEMENTATION PLAN FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES – Subsequent plans to be submitted

Financial reporting standard	Milestones to be achieved to comply with the standard <i>[include the key challenges that have to be overcome]</i>	Amendment to milestone and or achievement of milestone <i>[include whether the milestones have been achieved or not, the reasons for amendments to the milestones and the reasons for non-achievement]</i>	Person responsible	Estimate date of compliance <i>[must begin after exemption period and take the transitional provisions of the standards into account]</i>
Provisions, Contingent Liabilities and Contingent Assets (GRAP 19)	<ul style="list-style-type: none"> The municipality will appoint external specialists to assist with the identification of potential provisions, liabilities and contingent assets. 	The municipality is on track to achieve this milestone	CFO	AFS 30 June 2008 (Will be delayed until 30 June 2009)
Non-current Assets held for Sale and Discontinued Operations (GRAP 100)	<ul style="list-style-type: none"> No problems foreseen. 	The municipality is on track to achieve this milestone	CFO	AFS 30 June 2009
Agriculture (GRAP 101)	<ul style="list-style-type: none"> The municipality has established through a review that it does not have any transactions or activities which can be classified as agriculture. 	<ul style="list-style-type: none"> The municipality has achieved this milestone 	CFO	Completed.
Intangible assets (GRAP 102)	<ul style="list-style-type: none"> The municipality will appoint external specialists to assist with the identification of potential intangible assets. The asset register needs to be adjusted in order capture all intangible assets. An accounting policy needs 	<ul style="list-style-type: none"> The municipality is on track to achieve this milestone 	CFO	30 June 2008 for computer software. 30 June 2009 for all other intangible assets.

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Financial reporting standard	Milestones to be achieved to comply with the standard <i>[include the key challenges that have to be overcome]</i>	Amendment to milestone and or achievement of milestone <i>[include whether the milestones have been achieved or not, the reasons for amendments to the milestones and the reasons for non-achievement]</i>	Person responsible	Estimate date of compliance <i>[must begin after exemption period and take the transitional provisions of the standards into account]</i>
	to be drafted for the treatment of intangible assets.			
Financial Instruments: Disclosures (IFRS 7/AC 144)	<ul style="list-style-type: none"> The municipality needs training and clarification on the impact and requirements of this Standard. 	<ul style="list-style-type: none"> The municipality is on track to achieve this milestone 	CFO	1 July 2008
Income Taxes (IAS 12/AC 102)	<ul style="list-style-type: none"> Not applicable to this municipality. 	<ul style="list-style-type: none"> The municipality is on track to achieve this milestone 	CFO	
Employee benefits (IAS 19/AC 116)	<ul style="list-style-type: none"> The municipality will request for quotations for the appointment of actuaries to value all employee benefits in order to use as comparatives. Once the value of the potential liability is calculated, the municipality will determine a phasing-in policy for the provision of the total liability. 	<ul style="list-style-type: none"> The municipality is on track to achieve this milestone 	CFO	30 June 2009
Accounting for Government Grants and Disclosure of Government Assistance	<ul style="list-style-type: none"> The municipality needs training and clarification on the impact and requirements 	<ul style="list-style-type: none"> The municipality is on track to achieve this milestone 	CFO	30 June 2009

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FORMAT OF IMPLEMENTATION PLAN FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES – Subsequent plans to be submitted

Financial reporting standard	Milestones to be achieved to comply with the standard <i>[include the key challenges that have to be overcome]</i>	Amendment to milestone and or achievement of milestone <i>[include whether the milestones have been achieved or not, the reasons for amendments to the milestones and the reasons for non-achievement]</i>	Person responsible	Estimate date of compliance <i>[must begin after exemption period and take the transitional provisions of the standards into account]</i>
(IAS 20/AC 134)	of this Standard vis a vis GAMAP 9.			
Financial Instruments: Presentation (IAS 32/AC 125)	<ul style="list-style-type: none"> The municipality needs training and clarification on the impact and requirements of this Standard. 	<ul style="list-style-type: none"> The municipality is on track to achieve this milestone 	CFO	30 June 2009
Impairment of Cash-generating Assets (IAS 36/AC 128)	<ul style="list-style-type: none"> The municipality needs training and clarification on the impact and requirements of this Standard. 	<ul style="list-style-type: none"> The municipality is on track to achieve this milestone 	CFO	30 June 2009
Financial Instruments: Recognition and Measurement (IAS 39/AC 133)	<ul style="list-style-type: none"> The municipality needs training and clarification on the impact and requirements of this Standard. 	<ul style="list-style-type: none"> The municipality is on track to achieve this milestone 	CFO	30 June 2009
Impairment of non-cash-generating Assets (IPSAS 21)	<ul style="list-style-type: none"> The municipality needs training and clarification on the impact and requirements of this Standard. 	<ul style="list-style-type: none"> The municipality is on track to achieve this milestone 	CFO	30 June 2009